

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96813

January 13, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Oahu

Issuance of Right-of-Entry Permit to Hilton Hawaiian Village LLC, Waikiki Oahu, Public Right of Way as shown on Map 4 of Land Court Consolidation 64; Grant of Easement to the Board of Water Supply Waikiki Oahu, Public Right of Way as shown on Map 4 of Land Court Consolidation 64; Grant of Easement to Hawaiian Electric Company, Waikiki Oahu, Public Right of Way as shown on Map 4 of Land Court Consolidation 64.

STATUTE:

Sections 171-13, 55, Hawaii Revised Statutes, as amended.

APPLICANT:

Hilton Hawaiian Village LLC (Hilton), a domestic limited liability company, whose business and mailing address is 2005 Kalia Road, Honolulu, Hawaii, 96815.

LOCATION:

Portion of Government lands of Waikiki situated at Honolulu, Oahu, identified as Public Right of Way on Map 4 of Land Court Consolidation 64.

AREA:

Public Right of Way: 3,225 square feet, more or less

ZONING:

State Land Use District:	Urban, Conservation
City and County of Honolulu CZO	Public Precinct/Waikiki Special

District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State

Constitution: Yes _____ No X

CURRENT USE STATUS:

Public right of way.

CHARACTER OF USE:

Right, privilege and authority to construct, use, maintain and repair water and sewer lines, including, without limitation, any and all connection points, pipelines, meters, pumps, conduits, and other equipment and appurtenances for water, sewer, and drainage purposes; Right, privilege and authority to construct, use, maintain and repair electrical lines and other equipment necessary to provide electricity.

COMMENCEMENT DATE:

To be determined by the Chairperson.

EASEMENT TERM:

Perpetual.

ANNUAL RENT:

Gratis

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

A draft of the environmental assessment has been submitted for approval.

APPLICANT REQUIREMENTS:

Applicant shall be required to provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

REMARKS:

1. Issuance of Right of Entry Permit to Allow the Construction of Water Line and Electrical Line Improvements.

The State owns the fee simple title to Lots 5-C-2, 6-B and the "Public Right of Way" (the "**Public Right of Way**"), all as shown on the map attached hereto as **Exhibit 1**. Lots 5-C-2, 6-B and the Public Right of Way are at times collectively herein referred to as the "**State Parcels**." The State Parcels are currently dedicated as a public right of way and constitute a portion of Dewey Lane. Lots 5-C-2 and 6-B, respectively, as shown on **Exhibit 1**, are identical to Lots 5-C-2 and 6-B shown on Land Court Map 4 ("**Land Court Map 4**") of Land Court Consolidation 64, authorized and approved by Order of the Land Court on January 21, 1964. Lots 5-C-2 and 6-B are lands described in Transfer Certificate of Title 12,829. The Public Right of Way shown on **Exhibit 1** is the same as the "Public Right of Way" shown on Land Court Map 4.

The State has a perpetual easement (the "**Perpetual Easement**") over Lots 1-A-2, 2, 3, 4, and 5 (collectively the "**Easement Parcels**") as shown on **Exhibit 1**. The State's Perpetual Easement rights over the Easement Parcels are for public right of way and public roadway as set forth in various documents including, without limitation, Transfer Certificate of Title 85,450 and Land Court Document No. 324984 dated December 23, 1963. Lots 1-A-2, 2, 3, 4 and 5, respectively, as shown on **Exhibit 1**, are identical to Lots 1-A-2, 2, 3, 4, and 5, shown on Land Court Map 4 and are lands described in Transfer Certificate of Title 85,450.

Easement RU-1 is a portion of Lot B ("**Lot B**") as shown on Map 1 of Land Court Application No. 1549. Easement RU-2 is a portion of the 29,374 square foot lot ("**Lot X**") shown on Map 1 of Land Court Application 1716. Lot B and Lot X are owned by Hilton and are the lands described in Transfer Certificate of Title No. 550,224. A composite map showing the germane Land Court information and designating Easement RU-1 and RU-2 is attached as **Exhibit 1**.

Hilton seeks to install certain water lines under the Public Right of Way. In order to service the Grand Waikikian, the Duke Kahanamoku Lagoon (the "**Lagoon**"), and the Ala Wai Small Boat Harbor after the completion of the Waikikian, the Board of Water Supply of the City and County of Honolulu (the "**BWS**") requires the installation of additional water lines, including, without limitation, any and all connection points, pipelines, meters, pumps,

conduits, and other equipment and appurtenances to provide water service, under the Public Right of Way as shown on **Exhibit 2**, the exact location to be designated by the BWS (the “*Water Line Improvements*”).

Hilton also seeks to install certain electrical improvements under the Public Right of Way in order to service the Grand Waikikian, the Ala Wai Small Boat Harbor, and to service certain improvements to the Duke Kahanamoku Lagoon required by the Special Management Area Use Permit (File No. 2002/SMA-19) and the PD-R Permit (File No.2002/SD-33). Hawaiian Electric Company (“*HECO*”) requires the installation of electrical lines and other equipment necessary to provide electricity, under the Public Right of Way as shown on **Exhibit 2**, the exact location to be designated by HECO (the “*Electrical Improvements*”).

Hilton requests that the State grant to Hilton a right of entry to construct and install the Electrical Improvements and the Water Line Improvements; and Hilton would bear sole responsibility for the cost of constructing the Electrical Improvements and the Water Line Improvements. Hilton plans to spend in excess of Six Hundred Thousand Dollars (\$600,000) in constructing the Electrical Improvements and in excess of Five Hundred Fifty Thousand Dollars (\$550,000) in constructing the Water Line Improvements which will benefit the Ala Wai Small Boat Harbor (as well as Hilton’s Waikikian project). Thus, to require Hilton to pay any additional consideration for right of entry permit to construct these improvements is unreasonable.

2. Board of Water Supply Easement

Hilton requests that the State grant to the BWS a non-exclusive, perpetual easement to operate, maintain, replace and repair the Water Line Improvements. Hilton is working with BWS on the Water Line Improvements and the related easement. See **Exhibit 3**.

In addition, DLNR Division of Boating and Ocean Recreation (“**DBOR**”) supports such a grant of easement to the BWS. Thus, DBOR requests that a perpetual, non-exclusive easement be granted to BWS for the purpose of operating, maintaining, repairing, replacing, and connecting any and all connection points, pipelines, meters, pumps, conduits, and other equipment and appurtenances to provide water service.

3. Hawaiian Electric Company Easement

Hilton requests that the State grant to HECO a non-exclusive, perpetual easement to operate, maintain, replace and repair the Electrical Improvements. Hilton is working with HECO on the Electrical Improvements and the related easement. *See Exhibit 3.*

In addition, the DBOR is in support of such a grant of easement to HECO. Thus, DBOR requests that a perpetual, non-exclusive easement be granted to HECO for the purpose of operating, maintaining, repairing, replacing, and connecting any and all electrical lines and other equipment necessary to provide electricity.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Staff did not solicit any agency or community comments.

Adjacent to Dewey Lane are lands managed by DBOR. Hilton has consulted with the staff and they are in favor of the requests.

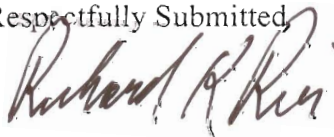
RECOMMENDATION:

That the Board authorize the following:

1. Authorize the issuance of a right of entry to Hilton Hawaiian Village LLC and its contractors covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time-to-time;
 - b. Receipt of all required Federal, State, County, and governmental approvals, permits, etc., by Hilton;
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and
 - d. Approval as to form by the Department of the Attorney General.


2. Following the completion of the Water Line Improvements, authorize the issuance of a non-exclusive, perpetual easement to the BWS, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein, and further subject to the following:
 - a. The standard terms and conditions of the most current easement form, as may be amended from time-to-time;
 - b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and
 - c. Approval as to form by the Department of the Attorney General.
3. Following the completion of the Electrical Improvements, authorize the issuance of a non-exclusive, perpetual easement to HECO, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein, and further subject to the following:
 - a. The standard terms and conditions of the most current easement form, as may be amended from time-to-time;
 - b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and
 - c. Approval as to form by the Department of the Attorney General.

Respectfully Submitted,

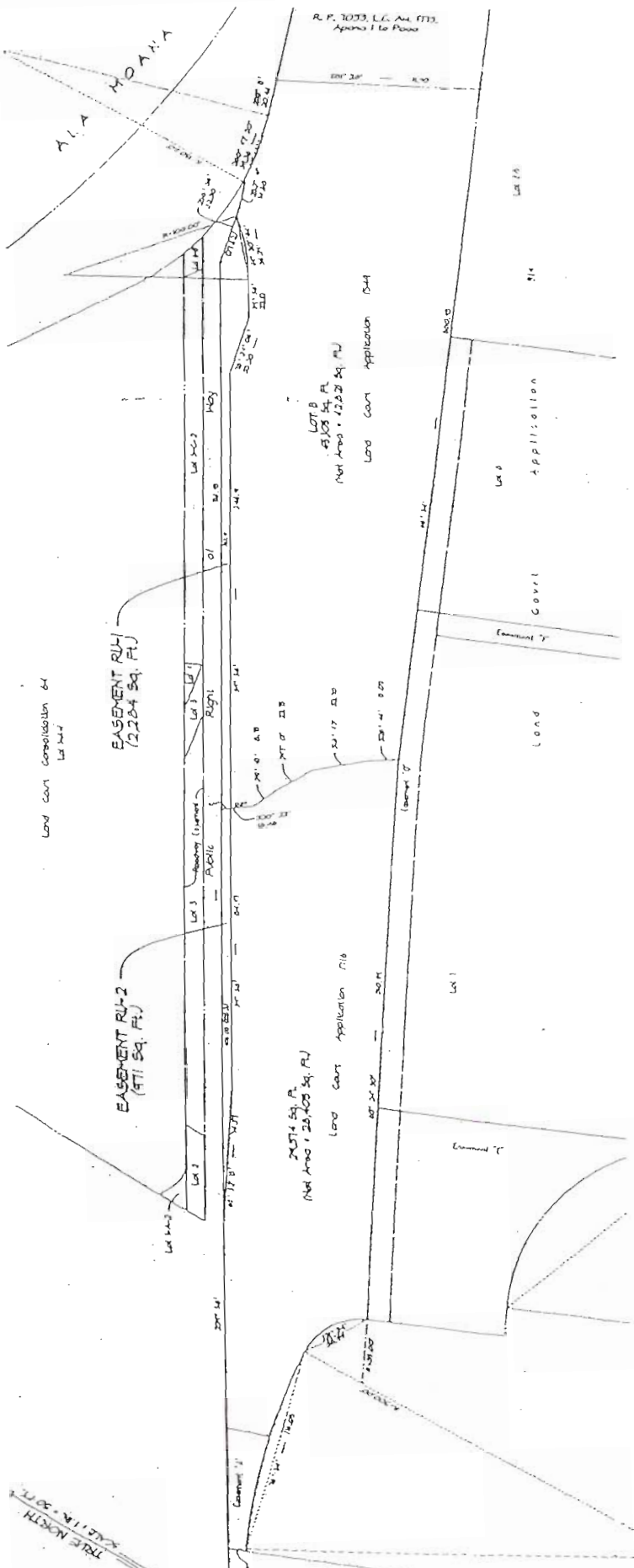


Richard K. Rice
Administrator

APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson.



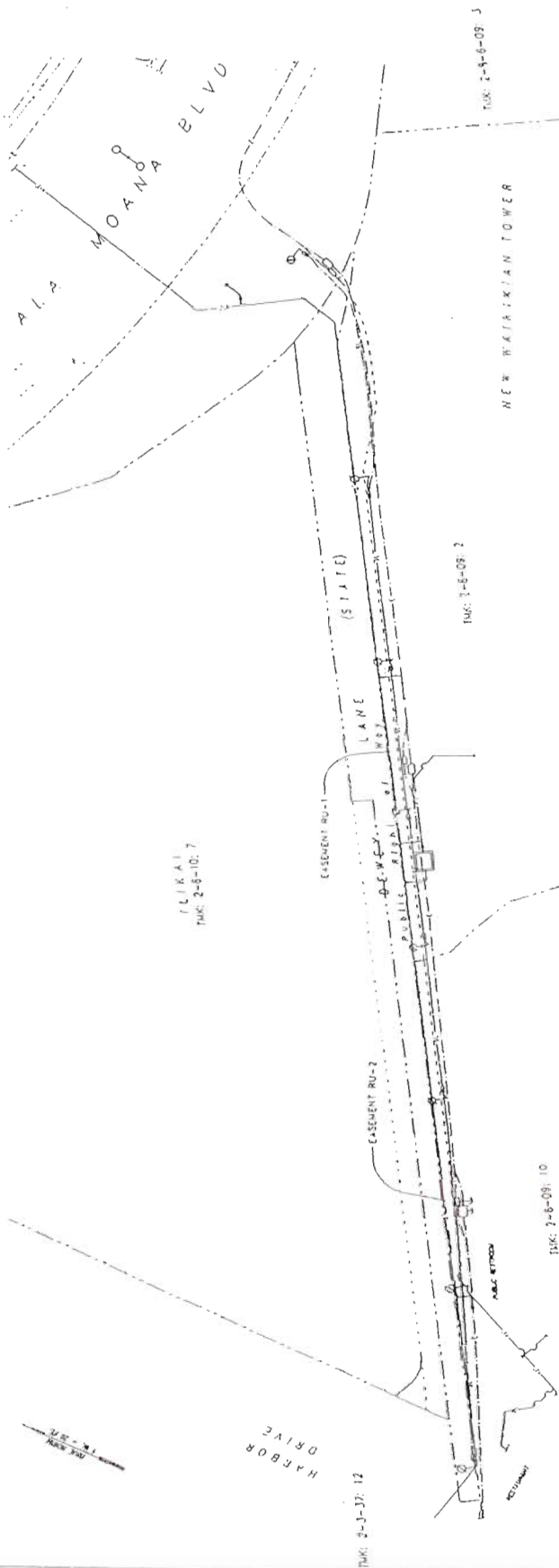
10/29
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 L. M. P. 10/29

COMPOSITE MAP
 DESIGNATION OF EASEMENT RU-1
 FOR ACCESS AND UTILITY PURPOSES
 AFFECTING LOT B
 OF LAND COURT APPLICATION 1549
 AS SHOWN ON MAP 1
 AND
 DESIGNATION OF EASEMENT RU-2
 FOR ACCESS AND UTILITY PURPOSES
 AFFECTING LAND COURT APPLICATION 1716
 AS SHOWN ON MAP 1
 AT KALIA MAIKI, OAHU, HAWAII
 PHK 1 2-6-04, 07:10
 OWNER: HILTON HAWAIIAN VILLAGE LLC



February 17, 2003

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT DEWEY LANE



LEGEND:

- New Water Line ——— W12 ———
- New Street Light ——— SL ———
- New Elec/Tel Ductline ——— E ———

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT DEWEY LANE

Alcon and
Associates
ARCHITECTS & ENGINEERS

November 17, 2003

HARBOR
DRIVE
1" = 10' 0"

GRAPHIC SCALE
1" = 10' 0"

TMK: 2-6-10: 7

TMK: 2-3-37: 12

EASEMENT RU-1

EASEMENT RU-2

DEWEY LANE (S-T-A-I-E)

PUBLIC RIGHT OF WAY

TMK: 2-6-09: 2

TMK: 2-6-09: 10

PUBLIC RESTROOM

RESTAURANT

LEGEND:

- New Water Line ——— W12"
- New Street Light ——— SL
- New Elec/Tel Ductline ——— E

SHEET 1



Alcon and Associates, Inc.
Engineers & Architects

PA 002713, 002

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT DEWEY LANE



ILIKAI
TMK: 2-6-10: 7

EASEMENT RU-1

DEWEY LANE (STATE)

PUBLIC RIGHT OF WAY

LEGEND:

New Water Line

New Street Light

New Elec/Tel Ductline

W12"

SL

E

TMK: 2-6-09: 2

TMK: 2-6-09: 3

NEW WAIKIKIAN TOWER

SHEET 2



ALCON & ASSOCIATES, INC.

716 Umi Street, Suite 250 Honolulu, Hawaii 96819
Ph: 808.842.0300 Fax: 808.847.0444 alconmain@hawaii.rr.com

MEMORANDUM

December 30, 2005

**TO: William R. Andrews, Property Manager
Division of Boating and Ocean Recreation
State of Hawaii, Department of Land and Natural Resources**

FROM: Dean Alcon, PE, PLS

**RE: HHV Waikikian Development
Update on Off-Site Utilities**

The following is an update on the off-site utilities:

BWS 12" WATER LINE – ALA MOANA BLVD. TO ALA WAI YACHT HARBOR

On behalf of Hilton Hawaiian Village, LLC, we are processing the plans for the 12" water line which connects to the existing BWS system on Ala Moana Blvd. and runs down Dewey Lane to the Ala Wai Yacht Harbor in the vicinity of the existing HHV Lagoon pump house. This line will serve the new Waikikian development, the Lagoon and connect to the existing AWYH system.

Our plans have been reviewed by BWS Engineering and returned to us with comments. BWS will retain ownership and maintenance of the line as long as DLNR / DBOR grant BWS an easement. We are awaiting DLNR Board approval for the utility before resubmitting our plans for final review by BWS. We anticipate final approval in March or April of 2006.

NEW HECO LINE - ALA MOANA BLVD. TO ALA WAI YACHT HARBOR

On behalf of Hilton Hawaiian Village, LLC, our plans have been routed through HECO by our electrical consultant MK Engineers. It is our understanding that the plans have been reviewed by HECO staff and will be approved in January. This line will run parallel to the 12" water line and will also serve the new Waikikian development, the Lagoon and connect to the existing AWYH system.

We have been in contact with Messrs. Bill Denham and Phil Hauret of HECO and will be meeting with them during the week of January 2nd, 2006 to finalize the easement and seek final approval.

Please feel free to call our office if you have any questions or would like to discuss this matter further.

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Department of Boating and Ocean Resources
Honolulu, Hawaii 96813

January 13, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Oahu

Issuance of Right-of-Entry Permit to Hilton Hawaiian Village LLC, Waikiki Oahu, Tax Map Key: (1) 2-3-037: 012, 021; Grant of Easement to the Board of Water Supply Waikiki Oahu, Tax Map Key: (1) 2-3-037: 012, 021; Grant of Easement to Hawaiian Electric Company, Waikiki Oahu, Tax Map Key: (1) 2-3-037: 012, 021

APPLICANT:

Hilton Hawaiian Village LLC (Hilton), a domestic limited liability company, whose business and mailing address is 2005 Kalia Road, Honolulu, Hawaii, 96815.

LEGAL REFERENCE:

Sections 171-13, 55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Waikiki situated at Honolulu, Oahu, identified by Tax Map Key Numbers: (1) 2-3-037:012, 021, as shown on the attached map labeled **Exhibit "A"**

AREA:

To be determined by a licensed land surveyor.

ZONING:

State Land Use District:	Urban, Conservation
City and County of Honolulu CZO	Public Precinct/Waikiki Special District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State

Constitution: Yes _____ No X

CURRENT USE STATUS:

Roadway use; Recreation use.

CHARACTER OF USE:

Right, privilege and authority to construct, maintain and repair a drainage system including discharge piping into the harbor, under and across State-owned lands; Right, privilege and authority to construct, use, maintain and repair water and sewer lines, including, without limitation, any and all connection points, pipelines, meters, pumps, conduits, and other equipment and appurtenances for water, sewer, and drainage purposes; Right, privilege and authority to construct, use, maintain and repair electrical lines and other equipment necessary to provide electricity.

COMMENCEMENT DATE:

To be determined by the Chairperson.

EASEMENT TERM:

Perpetual.

ANNUAL RENT:

Gratis

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

A draft of the environmental assessment has been submitted for approval.

APPLICANT REQUIREMENTS:

Applicant shall be required to provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

REMARKS:

1. Issuance of Right of Entry Permit to Allow the Construction of Water Line and Electrical Line Improvements.

The State owns fee simple title to property identified by Tax Map Key Numbers: (1) 2-3-037:012, 021. The Duke Kahanamoku Lagoon (the “**Lagoon**”) is located on a portion of Tax Map Key No. (1) 2-3-037: 021

On September 22, 1955, the Territory of Hawaii and Kaiser Community Homes (“**Kaiser**”) entered into a deed (the “**1955 Deed**”), attached as Exhibit “B”.¹ The 1955 Deed obligated Kaiser or its successors, amongst other conditions, to install and maintain electric power for the pumps, operate and maintain necessary pumps and valves to provide circulation of the water in the Lagoon to keep it clean and sanitary at all times. *See* Deed, ¶¶ B.9, C.4 (Exhibit B). The 1955 Deed obligated the Territory to construct the Crescent Beach and Recreation Area, to “permit [Kaiser] to maintain the lagoon and culverts and any beach within and around the perimeter of said lagoon to the extent that the same are located upon land owned by the [Territory]”, and to “permit [Kaiser] to install and maintain electric power lines under lands of the [Territory] in the vicinity of said lagoon in locations to be mutually agreed upon for the purpose of furnishing electric power for the pumps to be maintained by [Kaiser].” Deed, ¶¶ B.1, B.6, B.7, B.9 (Exhibit B).

Hilton is the property owner of lands adjacent to the Lagoon, identified with tax map keys (1) 2-6-8:034; (1) 2-6-8: 001, 002, 009, 010, 011, 012, and 013.

Hilton is in the process of redeveloping its property. Hilton, in connection with its redevelopment of its property, obtained two permits from the City Council of Honolulu, PD-R Permit (File No. 2002/SD-33) (the “**PDR**”), and Special Management Use Permit (File No. 2002/SMA-19) (the “**SMA**”).

The 1955 Deed and the SMA require Hilton to construct and maintain certain improvements to the Lagoon in order to restore it to and maintain it as a safe and sanitary body of water.

¹ The Governor of the Territory of Hawaii signed Executive Order No. 1795 to the Board of Harbor Commissioners on August 1957 for the Ala Wai Boat Harbor. Later, the Governor signed Executive Order No. 2216 on September 1965 withdrawing 22.464 acres (the lagoon and beach) from the land covered by Executive Order No. 1795.

Hilton intends to construct and install electrical lines and other equipment extending from Dewey Lane towards the Lagoon in order to service the Lagoon as required by the SMA and the 1955 Deed. HECO requires the installation of electrical lines and other equipment necessary to provide electricity to certain improvements to the Lagoon and the Ala Wai Yacht Harbor as shown in **Exhibit “C”**, the exact location to be worked out with Hawaiian Electric Company and the State (collectively the “*Electrical Improvements*”).

Hilton seeks to construct and install certain water lines equipment extending from Dewey Lane towards the Ala Wai Yacht Harbor. In order to service the Ala Wai Yacht Harbor and the Lagoon after the completion of the Grand Waikikian, the Board of Water Supply of the City and County of Honolulu (the “*BWS*”) requires the installation of additional water and sewer lines, including, without limitation, any and all connection points, pipelines, meters, pumps, conduits, and other equipment and appurtenances for water, sewer, and drainage purposes, under the public roadway extending from Dewey Lane towards the Lagoon as shown in **Exhibit “C”**, the exact location to be worked out with the BWS and the State (the “*Water Line Improvements*”).

Hilton requests that the State issue a right of entry to construct and install the Water Line Improvements and the Electrical Improvements to Hilton. The State of Hawaii DLNR Division of Boating and Ocean Recreation (“**DBOR**”) has jurisdiction over the lands on which these improvements will be placed. Hilton has consulted with the staff and they request that the State grant Hilton a right of entry as requested in this submittal. In addition, the DBOR is in support of a grant of easements to the BWS and to HECO. Thus, DBOR requests that a perpetual, non-exclusive easement be granted to the BWS and to HECO for the purpose of operating, maintaining, extending, repairing, replacing, and connecting the Water Line Improvements and the Electrical Improvements, respectively.

Hilton will be expending in excess of \$1.1 million to install and construct the Water Line and the Electrical Improvements (collectively, the “*Improvements*”). In light of the vast amount of money Hilton is investing in the Improvements, and in light of the fact that the intended beneficiaries of the Improvements are the general public, it would be unreasonable to charge Hilton for the right of entry permit. Therefore, it is requested that the right of entry permit be issued to Hilton at gratis.

2. Board of Water Supply Easement

Hilton requests that the State issue to the BWS a non-exclusive, perpetual easement to maintain, replace and repair the Water Line Improvements. Hilton is working with the BWS on the construction and the placement of Water Line Improvements and the related easements. *See Exhibit D.*

In addition, DBOR supports such a grant of easement to the BWS. Thus, DBOR requests that a perpetual, non-exclusive easement be granted to BWS for the purpose of operating, maintaining, repairing, replacing, and connecting any and all connection points, pipelines, meters, pumps, conduits, and other equipment and appurtenances to provide water service.

3. Hawaiian Electric Company Easement

Hilton requests that the State grant to HECO a non-exclusive, perpetual easement to operate, maintain, replace and repair the Electrical Improvements. Hilton is working with HECO on the construction and, placement of the Electrical Improvements and the related easement. *See Exhibit D.*

In addition, the DBOR is in support of such a grant of easement to HECO. Thus, DBOR requests that a perpetual, non-exclusive easement be granted to HECO for the purpose of operating, maintaining, repairing, replacing, and connecting any and all electrical lines and other equipment necessary to provide electricity.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

A final environmental assessment was submitted on November 23, 2005.

There are no pertinent issues or concerns.

RECOMMENDATION:


That the Board authorize the issuance of the right of entry and the easements as follows below:

1. Authorize the issuance of a right of entry to Hilton Hawaiian Village LLC and its contractors covering the subject area for the purposes and under the requirements cited above, which are by this reference incorporated herein, and further subject to the following:

- A. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time-to-time;
 - B. Receipt of all required governmental approvals, permits, etc., by Hilton;
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and
 - D. Approval as to form by the Department of the Attorney General.
2. Following the completion of the Water Line Improvements, authorize the issuance of a non-exclusive, perpetual easement to the BWS, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein, and further subject to the following:
- A. The standard terms and conditions of the most current easement form, as may be amended from time-to-time;
 - B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and
 - C. Approval as to form by the Department of the Attorney General.
3. Following the completion of the Electrical Improvements, authorize the issuance of a non-exclusive, perpetual easement to HECO, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein, and further subject to the following:
- A. The standard terms and conditions of the most current easement form, as may be amended from time-to-time;
 - B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and

C. Approval as to form by the Department of the Attorney General.

Respectfully Submitted,

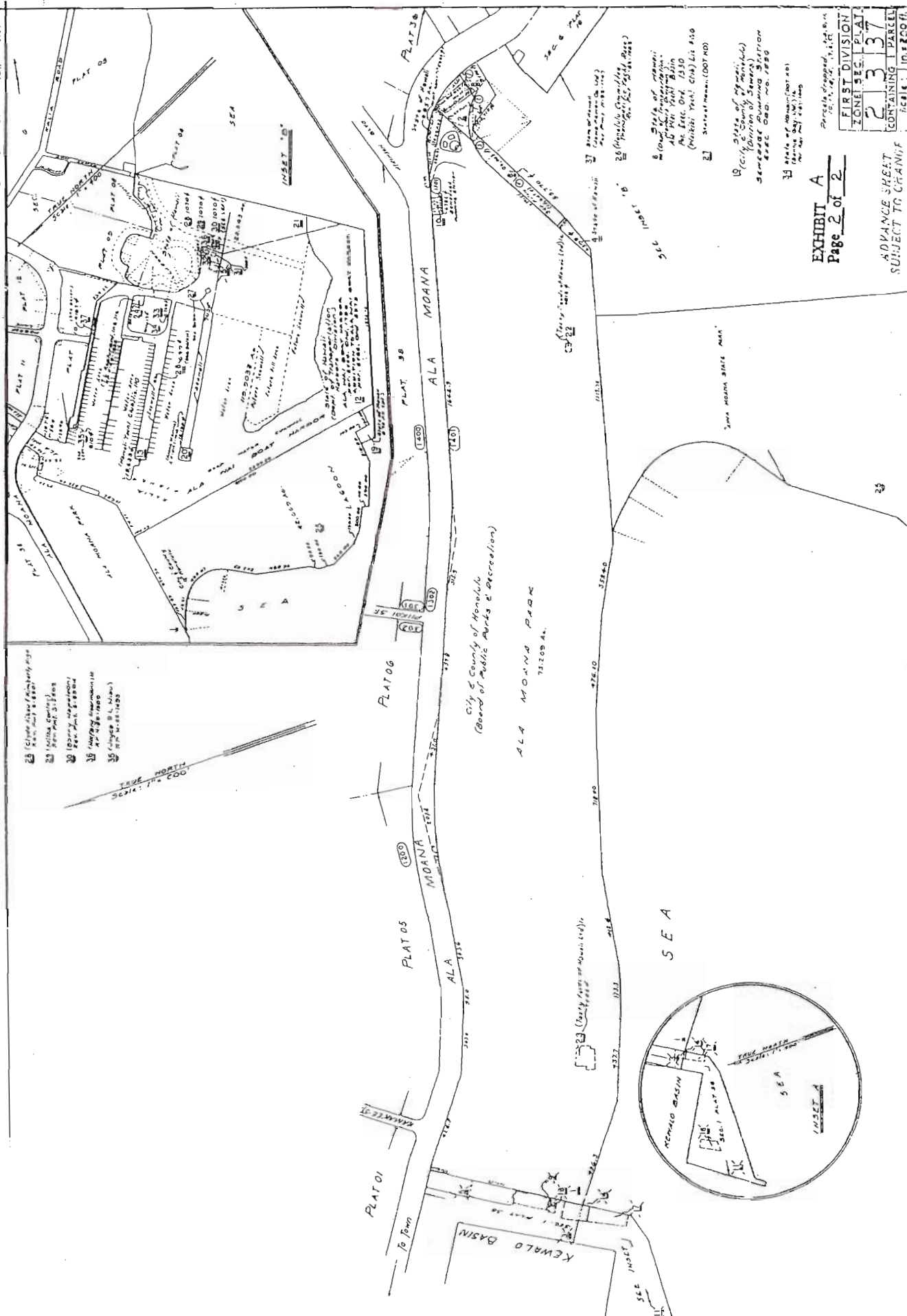
A handwritten signature in dark ink, appearing to read "Richard K. Rice".

Richard K. Rice
Administrator

APPROVED EQR SUBMITTAL:

A handwritten signature in dark ink, appearing to read "Peter T. Young".

Peter T. Young, Chairperson



(SECOND ORIGINAL)

INDENTURE AND DEED

THIS INDENTURE executed this 22nd day of September, 1955, by and between the TERRITORY OF HAWAII, hereinafter called the "Grantor", and KAISER COMMUNITY HOMES, a California corporation authorized to do business in the Territory of Hawaii, having its principal place of business and post office address at 14418 Chaso Street, Suite B, Panorama City, California, and its office in said Territory at 2005 Kalia Road, Honolulu, Hawaii, hereinafter called the "Grantee",

W I T N E S S E T H:

WHEREAS, Grantor has expended considerable sums of money in the development of Waikiki Beach and desires to expend further public funds in said development by constructing an artificial beach and groin in the area seaward of the land hereinafter described; and

WHEREAS, the construction of said public beach and groin would interfere with the littoral rights appurtenant to the lands of Grantee abutting said area; and

WHEREAS, Grantor is willing to convey to Grantee that certain area, hereinafter described, provided that Grantee will waive and relinquish all claims for compensation or damages against Grantor heretofore made in connection with Grantee's said property, that Grantee will grant, convey, release and relinquish to Grantor all littoral rights appurtenant to or connected with its said lands, that Grantee will agree to the construction of said public

beach and groin, and that the owners of other shore lands abutting said area will do all of the same; and

WHEREAS, by Public Law 199, dated August 1, 1955, Chapter 441, 84th Congress, First Session, the Commissioner of Public Lands of the Territory of Hawaii, with the concurrence of the Board of Harbor Commissioners and the approval of two-thirds of the Board of Public Lands and of the Governor of the Territory of Hawaii, is authorized and empowered to convey to the owners of certain shore lands, of whom the Grantee is one, all or a certain portion of a certain tidelands area described in said Public Law, which tideland area includes the land hereinafter described as Parcel 2, upon the fulfillment of certain conditions; and

WHEREAS, the Board of Harbor Commissioners, at its meeting held September 21, 1955, has concurred in, and two-thirds of the Board of Public Lands of the Territory of Hawaii, at its meeting held September 9, 1955, and the Governor of the Territory of Hawaii, have approved the conveyance of said land, and the conditions referred to have been or are fulfilled by this indenture and by one or more indentures of like tenor made by and between the Grantor and the owners of other shore lands abutting on the tidelands area described in said Public Law;

NOW, THEREFORE, for and in consideration of the release and covenants of and the conveyance by the Grantee, hereinafter set forth, the Grantor does hereby give, grant, bargain and sell unto the Grantee, its successors and assigns, forever and in fee simple, the following property:

PARCEL 2

Being the area lying westerly of and adjacent to Land Court Application 314, situate at Kalia, Waikiki, Honolulu, Oahu, Territory of Hawaii,

Being a portion of the area transferred to the Territory of Hawaii by Presidential Executive Order 1856 dated October 27, 1928.

Being also a portion of the area described in Public Law 199, 84th Congress and approved August 1, 1955.

Beginning at an "→" cut in face of seawall, at the south corner of this parcel of land, being also the west corner of Land Court Application 1653, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 10981.46 feet South and 3555.61 feet East, as shown on Government Survey Registered Map 4070, and running by azimuths measured clockwise from True South:-

1. 151° 58' 75.00 feet;
2. 241° 36' 99.00 feet;
3. Thence on a curve to the left with a radius of 100.00 feet, the chord azimuth and distance being: 200° 45' 141.42 feet;
4. 155° 45' 99.81 feet;
5. Thence on a curve to the left with a radius of 100.00 feet, the chord azimuth and distance being: 110° 45' 141.42 feet;
6. 85° 45' 15.00 feet;
7. 155° 45' 73.00 feet;
8. 243° 24' 30" 310.99 feet along Parcel 1;

Thence along highwater mark of Land Court Application 314 for the next four (4) courses, the direct azimuths and distances between points along said highwater mark being:

9. 325° 00' 35.00 feet;
10. 334° 10' 125.00 feet;
11. 336° 15' 169.00 feet;
12. 334° 00' 93.42 feet to a "†" out in top of stonewall;

13. 61° 39' 60.00 feet along land Court Application 1653 to a 2½" pipe in concrete;
14. 61° 46' 67.74 feet along Land Court Application 1653 to a spike in face of seawall;
15. 61° 58' 273.88 feet along face of seawall along highwater mark of Land Court Application 1653 to the point of beginning and containing an Area of 2.722 acres.

Excepting and reserving, however, all littoral rights of whatsoever nature or kind which are or may be thereunto appertaining.

Together with a perpetual easement over and across courses numbered 2 to 7, inclusive, of the above description of said parcel and any beach abutting upon said courses, for access to the lagoon hereinafter mentioned; provided, however, that such easement for access shall not include the right to erect or maintain any structure over or upon or to make any excavation in said courses or said beach.

And also an easement over and across the makai (westerly) boundaries of the following parcels of land for access to Crescent Beach, hereinafter mentioned, and the sea:

Lot 3, area 82,478 square feet, shown on Map 2 filed in the Office of the Assistant Registrar of the Land Court of the Territory of Hawaii with Land Court Application 264, being a portion of the land described in Transfer Certificate of Title No. 61,396;

The land registered in Land Court Application 624, area 79,586 square feet, shown on Map 2 of said Application filed in said office, being a portion of the land described in Transfer Certificate of Title No. 61,396; and

The land registered in Land Court Application No. 1653, area 83,309 square feet, shown on Map 1, filed in said office, being a portion of the land described in Transfer Certificate of Title No. 61,386.

Provided, however, that said easement for access shall not include the right to erect or maintain any structure over or upon or to make any excavation in said Crescent Beach or the sea.

TO HAVE AND TO HOLD the same together with all of the rights, easements, privileges and appurtenances thereunto belonging or appertaining or held and enjoyed therewith unto the Grantee, its successors and assigns forever.

GRANTOR and GRANTEE hereby covenant and agree as follows:

A. That Registered Map No. 4070 dated September 21, 1955, filed in the Office of the Surveyor of the Territory of Hawaii, copies of which map have been furnished to the Grantee, has been prepared as an aid to the interpretation of the following covenants and depicts the improvements, intended by the parties that are referred to in the following covenants. In the event that changes are hereinafter made in the following covenants by mutual agreement of the Grantor and the Grantee, said changes, insofar as it is possible to do, shall be depicted on said map and revised copies thereof shall be furnished to the Grantee.

B. Grantor, for itself, its successors and assigns, hereby covenants and agrees with Grantee as follows:

1. Grantor shall subject to the availability of funds construct Crescent Beach, the approximate location and configuration of which beach is shown on Registered Map No. 4070, and bordered thereon in yellow. Said beach, shall be

approximately 150 feet in width, shall be located on the seaward side of the shoreline lying in front of and between Land Court Application 1653 and Dewey Way, shown on said map, and run seaward (westerly) from said shoreline, as nearly as practicable as shown on Registered Map No. 4070. The Grantor shall permanently maintain said beach after its construction in the general location and configuration shown on Registered Map No. 4070, to the extent that it is able to control the action of natural forces thereupon, and the adjacent swimming area abutting its seaward (southerly) side, which swimming area is shown on Registered Map No. 4070 crosshatched in green, as a public beach and swimming area so long as and to the extent that appropriations are and may from time to time be available therefor. Grantor shall within six (6) months after completion of performance by Grantee under covenants C 2 and C 3 hereof, construct that part of the said Crescent Beach as is shown on Registered Map No. 4070 crosshatched in black and adjacent swimming area.

2. Grantor shall subject to the availability of funds fill the area, marked "Recreational Area" and bordered in pink on Registered Map No. 4070, lying between the above-mentioned Crescent Beach and the southerly side of the Ala Moana Yacht Harbor, with the exception of the lagoon abutments, hereinafter described, within the recreation area, to an elevation not exceeding 7.0 feet above mean lower low water, (7.0 M.L.L.W.). Except for the portion thereof marked "Proposed Roadway" and shown on Registered Map No. 4070, said filled area shall be used as and for a recreation area, subject to the covenants hereinbelow mentioned.

3. Grantor shall not construct or erect nor permit the construction or erection of any building or structure

exceeding elevation 29 feet above the level of mean lower low water (±29.0 M.L.L.W.) on that portion of the recreation area marked "Buildings Area" and crosshatched with brown lines on Registered Map No. 4070, lying westerly of a line across said recreation area parallel to and 1000 feet westerly from course numbered 4 of the description of Parcel 2 hereinabove, which line is marked "Division Line" and shown on Registered Map No. 4070, and any building or structures erected thereon shall be restricted to yacht clubs, swimming clubs, bath houses, seafood restaurants and outbuildings incidental thereto and such buildings and structures of a like nature as will contribute to the use of said area as a recreation area. No hotels or apartment houses shall be built nor be permitted to be built thereon.

4. Grantor shall not construct or erect nor permit the construction or erection of any building on that portion of said recreation area, marked "No Buildings Area" on Registered Map No. 4070, lying between the Division Line referred to in the preceding paragraph, the lagoon hereinafter described, Crescent Beach, and the southerly side of Ala Moana Yacht Harbor, nor in the area covered by said lagoon, whether or not the same may be filled at some subsequent date.

5. Grantor shall construct, within sixty (60) days of the commencement by the Grantee of the construction of the lagoon and lagoon structures hereinafter mentioned, and maintain a culvert connecting the sea and the lagoon hereinafter described, with not less than two separated outlets from said culvert in the lagoon, and one or more culverts connecting either or both of these portions of the Ala Moana Yacht Harbor marked "Water Area A" and "Water Area B" and crosshatched in orange on Registered Map No. 4070 and the lagoon hereinafter

described, with not less than two separated inlets to said culvert or culverts in the lagoon, for the purpose of permitting adequate water circulation through said lagoon.

6. Grantor shall permit Grantee to maintain said lagoon and culverts and any beach within and around the perimeter of said lagoon to the extent that the same are located upon land owned by the Grantor.

7. Grantor shall, within three (3) months after the completion by the Grantee of the lagoon and lagoon abutments hereinafter mentioned, construct a sand beach not less than 75 feet in width (save where the same abuts the Proposed Roadway shown on said Registered Map No. 4070 in which segment said beach may be narrower) contiguous to and around the exterior of the perimeter of the lagoon hereinafter described in approximately the manner shown for said beach, marked "Lagoon Beach" and colored in blue on said Registered Map No. 4070, and shall cover the floor of said lagoon with sand for a width of not less than 75 feet contiguous to and around the interior of the perimeter of said lagoon.

8. Grantor shall, within two (2) weeks of the date hereof or the execution of a similar indenture and deed by the owners of Lot B, Land Court Application No. 1549 (whichever date is later), furnish the Grantee final engineering plans and specifications for the dredging and construction of the lagoon and lagoon abutments to be dredged and constructed by the Grantee, hereinafter mentioned.

9. Grantor shall permit Grantee to install and maintain electric power lines under lands of the Grantor in the vicinity of said lagoon in locations to be mutually agreed upon for the purpose of furnishing electric power for the pumps to be maintained by Grantee, as hereinafter provided.

C. Grantee, for itself, its successors and assigns, hereby covenants and agrees with Grantor as follows, these covenants to run with the land described as Parcel 2, hereinabove:

1. Grantee consents to the construction of said Crescent Beach, recreation area, lagoon and lagoon beach, hereinabove or hereinbelow mentioned. Grantee also consents to the demolition and removal of the pier shown and marked "Pier" on Registered Map No. 4070, in the filling and construction of said Crescent Beach.

2. Grantee shall within six (6) months after the Grantor has furnished it with final engineering plans and specifications therefor dredge and construct a lagoon and lagoon abutments in accordance with said plans and specifications. The lagoon shall be dredged to a depth of not less than 7.7 feet (-7.7 M.L.L.W.) and not more than 12 feet (-12.0 M.L.L.W.), and shall be in the approximate location and configuration shown on the attached map as "Lagoon" and colored in green thereon. Said lagoon shall be of a maximum length, in an easterly-westerly direction, of 650 feet and a maximum width, in a northwesterly-southeasterly direction, of 450 feet. The perimeter of said lagoon, as shown on said Registered Map No. 4070 except along the northwesterly segment of the same near the proposed roadway, represents the mean low water mark of the same. The abutments around the exterior perimeter of said lagoon to be constructed by the Grantee shall be composed of fill evenly sloped from the perimeter of said lagoon to a level of not more than 6 feet above mean lower low water (+6.0 M.L.L.W.) at a distance of not more than 75 feet from said perimeter (or at the southerly line of the proposed roadway where the same is closer than 75 feet to said

perimeter) and thence at the same level for an additional distance of 50 feet (except to the extent that the full additional distance of 50 feet cannot be obtained within the limits imposed by the southerly line of the proposed roadway and the southerly courses, numbered 13 through 15, of the above description of Parcel 2).

3. Grantee shall, within the period mentioned next above, fill the area described in Parcel 2 hereinabove to the approximate grade of the Grantee's properties adjoining it on the easterly and southerly sides of the same, save within the area thereof to be covered by a portion of the lagoon beach, where the grade shall slope to mean low water mark of the lagoon. Any material dredged in constructing said lagoon in excess of that necessary for constructing the lagoon abutments may be used by Grantee for the purpose of filling Parcel 2 and for the purpose of filling Parcel 1 if permitted by the owners thereof.

4. The Grantee, within one (1) month after completion of performance by Grantor under covenants B 5 and B 7 hereof, shall install and thereafter, subject only to the provisions of paragraph D 1, hereinbelow, shall perpetually operate and maintain necessary pumps and valves, to be situated on the property of the Grantor in locations mutually agreed upon, to provide circulation of water in said lagoon adequate to keep the same clean and sanitary at all times.

D. It is mutually covenanted and agreed by the Grantor and Grantee, that:

1. In the event that satisfactory maintenance of the lagoon proves to be physically impracticable by reason of excessive costs or inability to maintain proper sanitary conditions therein the foregoing covenants numbered B 5, B 6, and C 4 shall be terminated and the Grantor and Grantee

shall have no further obligation with respect thereto.

In such event, the Grantor shall, however,

- (a) Fill the lagoon and lagoon beach to the grade of the surrounding properties. The lagoon shall then become a part of the "No Buildings" portion of the recreation area, and the easement hereinabove granted for access to the lagoon shall become an easement for access to said recreation area.
- (b) Convey to the Grantee, its successors and assigns a non-exclusive easement for foot passage 20 feet wide from the junction of courses numbered 7 and 8 of the description of Parcel 2, hereinabove described, along, contiguous to and on the westerly side of courses numbered 1 to 7, inclusive, of said description of Parcel 2, hereinabove described, for access to Crescent Beach and the sea; provided, however, that said easement shall not include the right to erect or maintain any structure over or upon or to make any excavation in the area covered by said easement.

2. That certain agreement known as the Waikiki Agreement entered into on October 19, 1928, between Grantor and various property owners, including Grantee's predecessors in title, said agreement being recorded in the Bureau of Conveyances of the Territory of Hawaii in Book 1047, Pages 176-202, and noted on Transfer Certificate of Title Nos. 59110 and 61596 issued to the Grantee, is hereby and herewith terminated as between the Grantor and Grantee.

3. Grantor's obligation to perform those covenants under B, above, as to which a time limit for performance is stated shall be subject to its ability to perform the same

with funds currently available therefor, to wit, the sum of One Hundred Forty Thousand Dollars (\$140,000.00).

And in consideration of the foregoing conveyance by and covenants of the Grantor, the Grantee hereby gives, grants, bargains, sells, conveys, releases and relinquishes unto Grantor any and all littoral rights appurtenant to the following shoreline properties of the Grantee, bordering on the land described as Parcel 2 above and upon a portion of Crescent Beach:

1. Any and all littoral rights appurtenant to Lot 85, area 344,453 square feet, as shown on Map 3 filed in the Office of the Assistant Registrar of the Land Court of the Territory of Hawaii with Land Court Application No. 314 of John Ena Estate Trustees, being all of the land described in Transfer Certificate of Title No. 58,110 issued to the Grantee.

2. Any and all littoral rights appurtenant to Lot 3, area 82,473 square feet, as shown on Map 2 filed in the Office of the Assistant Registrar of the Land Court of the Territory of Hawaii with Land Court Application No. 264 of Frances Tasmania Bickerton, being a portion of the land described in Transfer Certificate of Title No. 61,396 issued to the Grantee.

3. Any and all littoral rights appurtenant to that certain parcel of land being all of the land registered in Land Court Application No. 624 of Sophie Cressaty, area 79,596 square feet, as shown on Map 2 filed in the Office of the Assistant Registrar of the Land Court of the Territory of Hawaii with said Land Court Application, being a portion of the land described in Transfer Certificate of Title No. 61,396, issued to the Grantee.

4. Any and all littoral rights appurtenant to that certain parcel of land being all of the land registered in Land Court Application No. 1653 of Associated Hotels (Hawaii) Limited, area 23,309 square feet, as shown on Map 1 filed in the Office of the Assistant Registrar of the Land Court of the Territory of Hawaii with said Land Court Application, being a portion of the land described in Transfer Certificate of Title No. 61,396 issued to the Grantee.

Excepting and reserving, however, from the conveyance of any and all littoral rights under items 2, 3 and 4 above, a perpetual easement for access across the makai (westerly) boundaries of the lands described therein for access to Crescent Beach and the sea; but without including as part of said easement the right to erect or maintain any structure over or upon or to make any excavation in said Crescent Beach abutting said makai boundaries or the sea; said easement being the same easement hereinabove granted by the Grantor to the Grantee.

TO HAVE AND TO HOLD the same together with all rights and privileges belonging or appertaining thereto unto the Grantor, its successors and assigns, forever.

And Grantee for itself, its successors and assigns does hereby remise, release and forever discharge Grantor, its successors and assigns of and from any and all manner of action or actions, cause and causes of action, suits, controversies and trespasses, damages, claims and demands of whatsoever kind or nature to, against or in connection with the property of Grantee, hereinabove described, the littoral rights of which are hereinabove conveyed by the Grantee to the Grantor, heretofore claimed or existing, in law or equity, which the Grantee has had by reason of any matter, cause or

thing whatsoever having been done or omitted to be done by the Grantor.

IN WITNESS WHEREOF, the TERRITORY OF HAWAII has caused these presents to be duly executed by Marguerite K. Ashford, its Commissioner of Public Lands, and countersigned by Samuel Wilder King, Governor of Hawaii, A. D. Castro, Chairman, Board of Public Lands of the Territory of Hawaii, and Ben E. Hutter, Chairman, Board of Harbor Commissioners, pursuant to the authority so to do in them vested by the aforesaid Public Law 199, dated August 1, 1955, Chapter 441, 84th Congress, First Session, and all other laws enabling them so to do, and KAISER COMMUNITY HOMES has caused these presents to be executed and its corporate seal to be hereunto affixed by its proper officer in that behalf duly authorized, on the day and year first above written.

TERRITORY OF HAWAII

By Marguerite K. Ashford
Commissioner of Public Lands
Grantor

KAISER COMMUNITY HOMES

By Henry Kawai
Its Chairman of the Board
Grantee

COUNTERSIGNED:

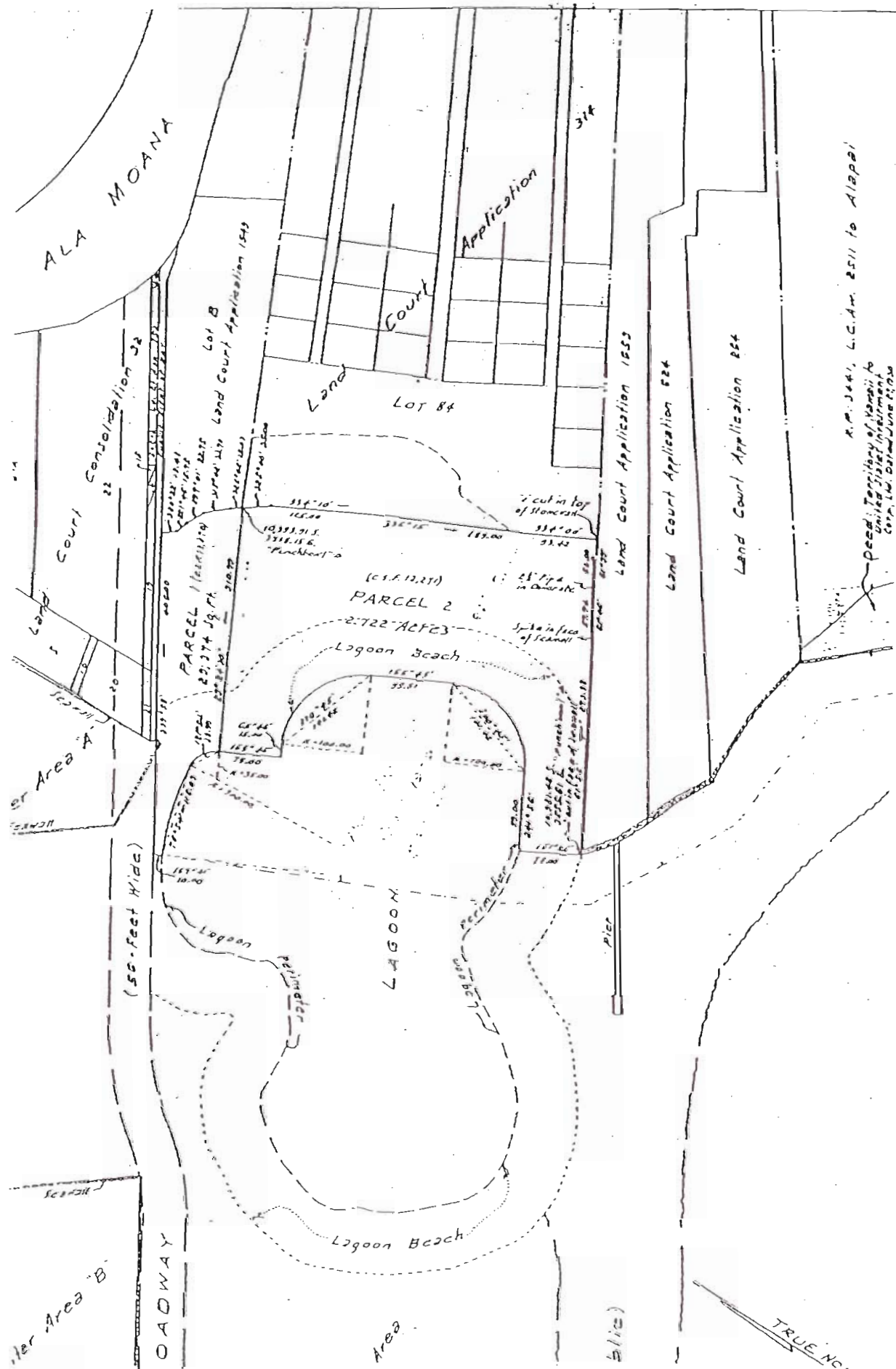
Samuel Wilder King
Governor, Territory of Hawaii

A. D. Castro
Chairman, Board of Public Lands

Ben E. Hutter
Chairman, Board of Harbor
Commissioners

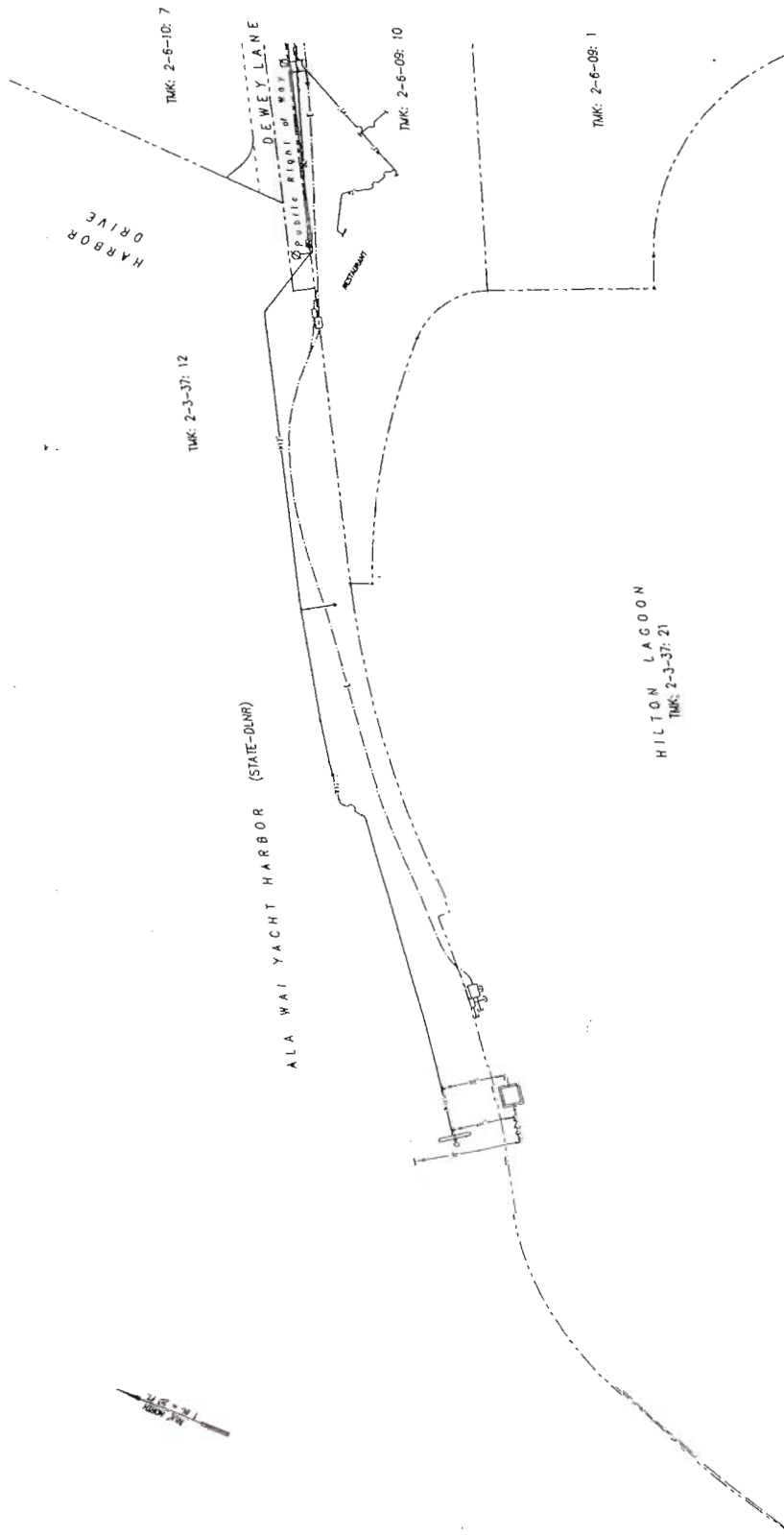
APPROVED AS TO FORM

Cecilia R. Ashford
Special Agent in Charge, Department of Public Lands
-14-
all right
att. 124



As per 3441, L.C.A. 2511 to Alapai
 proceed Territory of Hawaii to
 the United States Government
 for the purpose of the

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT ALA WAI YACHT HARBOR



LEGEND:

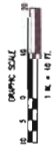
- New Water Line ———— W12"
- New Street Light ———— SL
- New Elec/Tel Ductline ———— [



November 17, 2005

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT ALA WAI YACHT HARBOR

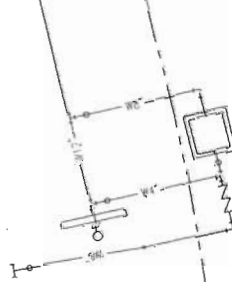
(STATE-DLNR)



ALA WAI YACHT HARBOR

TMK: 2-3-37: 12

TRUE NORTH
1 IN. = 10 FT.



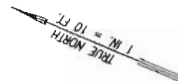
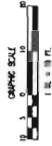
HILTON LAGOON
TMK: 2-3-37: 21

LEGEND:

- New Water Line ———— W12 ————
- New Street Light ———— SL ————
- New Elec/Tel Ductline ———— E ————

SHEET 1

HILTON WAKIKIAN DEVELOPMENT COMPOSITE UTILITY PLAN AT ALA WAI YACHT HARBOR



HARBOR
DRIVE

TMK: 2-3-37: 12

ALA WAI YACHT HARBOR
(STATE- DLNR)

TMK: 2-6-10: 7

DEWEY LANE

Public Right of Way

RESTAURANT

TMK: 2-6-09: 10

HILTON LAGOON
TMK: 2-3-37: 21

LEGEND:

- New Water Line ——— W12 ———
- New Street Light ——— SL ———
- New Elec/Tel Ductline ——— E ———

TMK: 2-6-09: 1



ALCON & associates, inc.

716 Umi Street, Suite 250 Honolulu, Hawaii 96819
Ph: 808.842.0300 Fax: 808.847.0444 alconmain@hawaii.rr.com

MEMORANDUM

December 30, 2005

TO: William R. Andrews, Property Manager
Division of Boating and Ocean Recreation
State of Hawaii, Department of Land and Natural Resources

FROM: Dean Alcon, PE, PLS

RE: HHV Waikikian Development
Update on Off-Site Utilities

The following is an update on the off-site utilities:

BWS 12" WATER LINE – ALA MOANA BLVD. TO ALA WAI YACHT HARBOR

On behalf of Hilton Hawaiian Village, LLC, we are processing the plans for the 12" water line which connects to the existing BWS system on Ala Moana Blvd. and runs down Dewey Lane to the Ala Wai Yacht Harbor in the vicinity of the existing HHV Lagoon pump house. This line will serve the new Waikikian development, the Lagoon and connect to the existing AWYH system.

Our plans have been reviewed by BWS Engineering and returned to us with comments. BWS will retain ownership and maintenance of the line as long as DLNR / DBOR grant BWS an easement. We are awaiting DLNR Board approval for the utility before resubmitting our plans for final review by BWS. We anticipate final approval in March or April of 2006.

NEW HECO LINE - ALA MOANA BLVD. TO ALA WAI YACHT HARBOR

On behalf of Hilton Hawaiian Village, LLC, our plans have been routed through HECO by our electrical consultant MK Engineers. It is our understanding that the plans have been reviewed by HECO staff and will be approved in January. This line will run parallel to the 12" water line and will also serve the new Waikikian development, the Lagoon and connect to the existing AWYH system.

We have been in contact with Messrs. Bill Denham and Phil Hauret of HECO and will be meeting with them during the week of January 2nd, 2006 to finalize the easement and seek final approval.

Please feel free to call our office if you have any questions or would like to discuss this matter further.